

centimes, or four-fifths of one per cent.¹ Then came in October the restoration of parity, which has ever since been substantially maintained.

Both the Treasury and the banks aided in the restoration of sound conditions. The Treasury began in 1898 the retirement of the small notes which had driven silver across the French and Swiss borders, and by 1903 had reduced the amount from 110,000,000 liras to 2,358,000 liras. A decree of February 18, 1899, restored to circulation 20,000,000 liras in subsidiary silver, and a law of March 3d reduced by 45,000,000 liras the special circulation of the Treasury.³ Customs duties were collected in gold, with the result of a rapid increase of gold resources. On behalf of the failed banks, the Bank of Italy addressed itself resolutely to reducing the mass of locked up or unliquid assets, which amounted in 1894 to about 501,000,000 liras (\$96,700,000). This amount was reduced by the close of 1899 to 245,000,000 liras, in spite of some friction with the government in the latter year over the proposal to create a special corporation to take the matter in hand/ The Minister of the Treasury, at the beginning of 1903, in his presentation of the budget, declared that it was "an immense advantage for the general economy of the country to possess, like other great states, a potent organism which knows how to exercise the double function of regulator of the money market and of a faithful and trustworthy aid to the public finances."⁴

Some changes were made by a law of 1900 in the statutes of the banks of Italy affecting their note circulation. The legal limit of issue not fully covered by the reserve was to be subjected to an annual reduction which should leave the total in 1906 for the Bank of Italy at 630,000,000 liras; Bank of Naples, 190,000,000 liras; and Bank of Sicily, 44,000,000 liras.⁶ The banks were required to accumulate a reserve of

¹ Fochier, 467.

a Raffalovich, *Le Marché Financier en Italie* 593.
Revue Economique (April 6, 1900), XVII., 443.

⁴ Thénard, 148.

⁵ Artiaunf, *La Monnaie, le Credit et le Change* third edition, 446.